



NYC Neighborhood Capital Corporation
Minutes of the Meeting of the Audit Committee
September 18, 2017

A meeting of the Audit Committee of NYC Neighborhood Capital Corporation (NYCNCC) was held on Monday, September 18, 2017 at 12 p.m. at the New York City Economic Development Corporation (NYCEDC), at 110 William Street, Conference Room 5B, New York, NY 10038.

The following Audit Committee members were present:

Sara Tranter
Senior Vice President, NYCEDC

Elizabeth Verostek
Senior Vice President, NYCEDC

Also present were the following members of NYCEDC:

Christine Robinson
Senior Accountant, NYCEDC

Spencer Hobson
Executive Vice President, NYCEDC

Rafaat Osman
Deputy Controller, NYCEDC

Kim Vaccari
Chief Financial Officer, NYCEDC

Mac Thayer
Assistant Vice President, NYCEDC

Izzy Cohn
Counsel, NYCEDC

Lily Berticevich
Project Manager, NYCEDC

Fred D'Ascoli
Controller, NYCEDC

Also present were the following members of Novogradac & Company, LLP:

Elaine Chang
Principal, Novogradac

Owen Gray
Partner, Novogradac

Tamara Forman
Manager, Novogradac

Narrative:

A quorum of the Audit Committee members being present, Ms. Verostek convened the meeting of the Audit Committee of the NYCNCC at 12:03 pm.

Ms. Verostek brought up the first item for consideration, which was approval of the minutes from the previous Audit Committee meeting held on Tuesday, July 11, 2017. Ms. Chang spoke and noted that while she was listed as a participant in the meeting minutes from July 11, 2017, this was an error, as she was not in attendance at that meeting. Ms. Verostek noted her comment and made a motion to



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approve the minutes inclusive of the change that Ms. Chang had noted, which Ms. Tranter seconded, and the motion was adopted. NYCNCC staff made a note that the minutes from the July 11, 2017 Audit Committee meeting should be updated with the change that Ms. Chang had noted and that the Audit Committee had just adopted.

Ms. Verostek brought up the second item, which was an addendum to the minutes from the Audit Committee meeting of June 6, 2017. Mr. Cohn discussed and clarified that this related to the Audit Committee's vote of approval of Novogradac as the auditor of NYCNCC not being recorded properly in the original draft of the minutes and that the addendum corrected this omission. Ms. Tranter made a motion to approve the addendum, Ms. Verostek seconded it, and the motion was adopted.

Ms. Verostek brought up the third item, which was the presentation of the FY2017 financials. Mr. Osman then presided in conjunction with Novogradac, and presented a slide presentation of highlights from the FY2017 financials.

After the presentation, Ms. Verostek asked about a specific budget item, the \$23,000 in fees, in the financial statements. Ms. Chang provided a description of these fees, which included fees related to the corporate filings for the sub-CDE entities. Ms. Verostek also asked about the general fees that are assessed by the corporation, and Ms. Chang provide a description of these fees, i.e. the 5% closing fees and the 2.5% asset management fees.

A question was also asked about additional non-standard fees, such as the fee's billed by Caplin and Drysdale, as well as the \$57,000 in third party fees related to the Rockaway transaction. At this point, Mr. Cohn and Mr. Thayer engaged in a brief general discussion and overview about fees, legal entities, and billing, generally noting the particular rules of the NMTC program relating to QALICB and leverage lender structure, as well as the dual billing structure of NYCNCC for outside counsel fees. Ms. Chang and Mr. Gray also commented.

Ms. Chang also brought up a general question pertaining to footnotes, and asked if FASBs or GASBs should be included in the footnotes. Mr. D'Ascoli fielded that question and stated that NCC would typically not be required to include items these in the footnotes, but rather only if and when they were relevant to the financials.

Ms. Chang also stated that Novogradac and Co. had written an opinion, and a test on internal controls over financial reporting, and also would include a management comment letter, and management rep letter signed by Ms. Vacari, Mr. Hobson or Mr. D'Ascoli.

Ms. Chang also asked the Audit Committee members if they were aware of any instances of fraud. Ms. Verostek and Ms. Tranter stated that they were not aware of any instances of fraud.

Ms. Verostek made a motion to approve the audited financial statements, and Ms. Tranter seconded it, and the motion was adopted.

Ms. Verostek brought up the topic of sessions, and asked if there were any sessions required, and it was found that there were not any required.

There being no further business to discuss, Ms. Verostek made a motion to adjourn the meeting, which was seconded by Ms. Tranter, and the motion was adopted.

The meeting was adjourned at 12:25pm.

Approved by:

NYC NEIGHBORHOOD CAPITAL CORPORATION

By:



Mac Thayer, Deputy Executive Director